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(Original Signature of Member)

114TH CONGRESS
1ST SESSION

H. R.

To authorize the Secretary of Housing and Urban Development to carry out a demonstration program to enter into budget-neutral, performance-based contracts for energy and water conservation improvements for multifamily residential units.

IN THE HOUSE OF REPRESENTATIVES

Mr. Ross introduced the following bill; which was referred to the Committee
on _____

A BILL

To authorize the Secretary of Housing and Urban Development to carry out a demonstration program to enter into budget-neutral, performance-based contracts for energy and water conservation improvements for multifamily residential units.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Private Investment in
5 Housing Act of 2015”.

1 **SEC. 2. BUDGET-NEUTRAL DEMONSTRATION PROGRAM**
2 **FOR ENERGY AND WATER CONSERVATION IM-**
3 **PROVEMENTS AT MULTIFAMILY RESIDEN-**
4 **TIAL UNITS.**

5 (a) ESTABLISHMENT.—The Secretary of Housing
6 and Urban Development (in this section referred to as the
7 “Secretary”) shall establish a demonstration program
8 under which the Secretary may execute budget-neutral,
9 performance-based agreements in fiscal years 2016
10 through 2019 that result in a reduction in energy or water
11 costs with such entities as the Secretary determines to be
12 appropriate under which the entities shall carry out
13 projects for energy or water conservation improvements at
14 not more than 20,000 residential units in multifamily
15 buildings participating in—

16 (1) the project-based rental assistance program
17 under section 8 of the United States Housing Act of
18 1937 (42 U.S.C. 1437f), other than assistance pro-
19 vided under section 8(o) of that Act;

20 (2) the supportive housing for the elderly pro-
21 gram under section 202 of the Housing Act of 1959
22 (12 U.S.C. 1701q); or

23 (3) the supportive housing for persons with dis-
24 abilities program under section 811(d)(2) of the
25 Cranston-Gonzalez National Affordable Housing Act
26 (42 U.S.C. 8013(d)(2)).

1 (b) REQUIREMENTS.—

2 (1) PAYMENTS CONTINGENT ON SAVINGS.—

3 (A) IN GENERAL.—The Secretary shall
4 provide to an entity a payment under an agree-
5 ment under this section only during applicable
6 years for which an energy or water cost savings
7 is achieved with respect to the applicable multi-
8 family portfolio of properties, as determined by
9 the Secretary, in accordance with subparagraph
10 (B).

11 (B) PAYMENT METHODOLOGY.—

12 (i) IN GENERAL.—Each agreement
13 under this section shall include a pay-for-
14 success provision that—

15 (I) shall serve as a payment
16 threshold for the term of the agree-
17 ment; and

18 (II) requires that payments shall
19 be contingent on realized cost savings
20 associated with reduced utility con-
21 sumption in the participating prop-
22 erties.

23 (ii) LIMITATIONS.—A payment made
24 by the Secretary under an agreement
25 under this section—

1 (I) shall be contingent on docu-
2 mented utility savings; and

3 (II) shall not exceed the utility
4 savings achieved by the date of the
5 payment, and not previously paid, as
6 a result of the improvements made
7 under the agreement.

8 (C) THIRD-PARTY VERIFICATION.—Savings
9 payments made by the Secretary under this sec-
10 tion shall be based on a measurement and
11 verification protocol that includes at least—

12 (i) establishment of a weather-normal-
13 ized and occupancy-normalized utility con-
14 sumption baseline established pre-retrofit;

15 (ii) annual third-party confirmation of
16 actual utility consumption and cost for
17 utilities;

18 (iii) annual third-party validation of
19 the tenant utility allowances in effect dur-
20 ing the applicable year and vacancy rates
21 for each unit type; and

22 (iv) annual third-party determination
23 of savings to the Secretary.

24 An agreement under this section with an entity
25 shall provide that the entity shall cover costs

1 associated with third-party verification under
2 this subparagraph.

3 (2) TERMS OF PERFORMANCE-BASED AGREE-
4 MENTS.—A performance-based agreement under this
5 section shall include—

6 (A) the period that the agreement will be
7 in effect and during which payments may be
8 made, which may not be longer than 12 years;

9 (B) the performance measures that will
10 serve as payment thresholds during the term of
11 the agreement;

12 (C) an audit protocol for the properties
13 covered by the agreement;

14 (D) a requirement that payments shall be
15 contingent on realized cost savings associated
16 with reduced utility consumption in the partici-
17 pating properties; and

18 (E) such other requirements and terms as
19 determined to be appropriate by the Secretary.

20 (3) ENTITY ELIGIBILITY.—The Secretary
21 shall—

22 (A) establish a competitive process for en-
23 tering into agreements under this section; and

1 (B) enter into such agreements only with
2 entities that, either jointly or individually, dem-
3 onstrate significant experience relating to—

4 (i) financing or operating properties
5 receiving assistance under a program iden-
6 tified in subsection (a);

7 (ii) oversight of energy or water con-
8 servation programs, including oversight of
9 contractors; and

10 (iii) raising capital for energy or
11 water conservation improvements from
12 charitable organizations or private inves-
13 tors.

14 (4) GEOGRAPHICAL DIVERSITY.—Each agree-
15 ment entered into under this section shall provide
16 for the inclusion of properties with the greatest fea-
17 sible regional and State variance.

18 (5) PROPERTIES.—A property may only be in-
19 cluded in the demonstration under this section only
20 if the property is subject to affordability restrictions
21 for at least 15 years after the date of the completion
22 of any conservation improvements made to the prop-
23 erty under the demonstration program. Such restric-
24 tions may be made through an extended affordability
25 agreement for the property under a new housing as-

1 sistance payments contract with the Secretary of
2 Housing and Urban Development or through an en-
3 forceable covenant with the owner of the property.

4 (c) PLAN AND REPORTS.—

5 (1) PLAN.—Not later than 90 days after the
6 date of enactment of this Act, the Secretary shall
7 submit to the Committees on Appropriations and Fi-
8 nancial Services of the House of Representatives and
9 the Committees on Appropriations and Banking,
10 Housing, and Urban Affairs of the Senate a detailed
11 plan for the implementation of this section.

12 (2) REPORTS.—Not later than 1 year after the
13 date of enactment of this Act, and annually there-
14 after, the Secretary shall—

15 (A) conduct an evaluation of the program
16 under this section; and

17 (B) submit to Congress a report describing
18 each evaluation conducted under subparagraph

19 (A).

20 (d) FUNDING.—For each fiscal year during which an
21 agreement under this section is in effect, the Secretary
22 may use to carry out this section any funds appropriated
23 to the Secretary for the renewal of contracts under a pro-
24 gram described in subsection (a).